

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

TALEN ENERGY SUPPLY, LLC, et al.

Debtors.¹

CHAPTER 11

CASE NO. 22-90054 (MI)

**SUPPLEMENTAL DECLARATION OF RONALD J. ROBERTS IN SUPPORT OF
PUGET SOUND ENERGY, AVISTA CORPORATION, PACIFICORP, AND
PORTLAND GENERAL ELECTRIC COMPANY'S SUPPLEMENTAL BRIEF
IN SUPPORT OF MOTION FOR RELIEF FROM THE AUTOMATIC STAY**

I, Ronald J. Roberts, declare as follows:

1. I previously provided a declaration in support of the motion for relief from the automatic stay filed by Puget Sound Energy ("PSE"), Avista Corporation, PacifiCorp, and Portland General Electric Company ("PNW Owners") [Doc. 244]. I discussed my background in that previously filed declaration. I am competent to testify and make this supplemental declaration based on personal knowledge.

2. The automatic stay impairs the Colstrip owners' ability to resolve the question of the closure requirements under the O&O Agreement and SB 266. The longer it takes to resolve that question, the more it will harm the Colstrip owners, irrespective of the answer.

3. The longer closure pushes past December 31, 2025, the more costly it will be for PSE and the other utilities active in Washington, which are particularly vulnerable to increased

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://cases.ra.kroll.com/talenenergy>. The Debtors' primary mailing address is 1780 Hughes Landing Boulevard, Suite 800, The Woodlands, Texas 77380.

costs from delays given the restriction on selling coal-fired electricity to Washington customers after the end of 2025. Closure of a coal facility can take years, including time to mechanically close the facility, resolve administrative issues such as contracts and permits associated with the facility (there are thousands of Colstrip-related contracts), obtain any needed regulatory approvals from state and federal regulatory agencies, and resolve any further litigation.

4. Additionally, if closure of the plant extends past December 31, 2025, Talen Montana, LLC, and NorthWestern will likely contend that the PNW Owners will be required to continue to fund their share of operations-and-maintenance (“O&M”) expenses. PSE’s share of the 2022 O&M budget is approximately \$25 million; for all four PNW Owners, their share of the 2022 O&M budget is approximately \$70 million. This scenario would be especially costly because by 2026, PSE and the other utilities serving Washington can no longer use Colstrip power for Washington customers without paying penalties that make doing that economically irrational.

5. Even if the Arbitration or resolution of the validity of SB 266 result in a determination that unanimity is required to close the facility, the longer it takes to reach that decision also harms the PNW Owners. PSE, for example, will need time to determine what else it can do with Colstrip electricity. There are not currently any promising options.

6. PSE has unsuccessfully tried to sell all or portions of its interests in Colstrip. In December 2019, PSE and NorthWestern executed a transaction through which NorthWestern would acquire all of PSE’s interests in Colstrip Unit 4 for one dollar (\$1.00), with PSE retaining its pro rata share of remediation costs, decommissioning costs, and miscellaneous shutdown costs. Attached as **Exhibit A** is a true and correct copy of the purchase and sale agreement with NorthWestern, as filed with the Washington Utilities and Transportation Commission

(“WUTC”) (the exhibit omits schedules). The proposed transaction was subject to approval by the Montana Public Utility Commission (“MPUC”) and the WUTC. Exhibit A §§ 1.1, 7.6(b). While MPUC and WUTC proceedings were pending, Talen exercised a right of first refusal under the O&O Agreement to acquire a portion of PSE’s interests in Colstrip Unit 4. As a result, the proposed transaction was amended so NorthWestern and Talen would each acquire half of PSE’s interests in Unit 4 for fifty cents (\$0.50).

7. The proposed transactions before the WUTC were met by significant opposition by regulators, stakeholders, customers, and other government officials. The proposed transactions were mutually terminated by PSE, NorthWestern, and Talen.

I certify and attest that the foregoing statements made by me are true under penalty of perjury.

Dated this 20th day of June, 2022.

/s/ Ronald J. Roberts
Ronald J. Roberts

CERTIFICATE OF SERVICE

I hereby certify that on June 20, 2022, a true and correct copy of the foregoing document was electronically filed in the case with the Clerk of the United States Bankruptcy Court by using the CM/ECF system, and a copy was served on the parties who are entitled to receive notice via the Court's ECF notification system.

/s/John S. Kaplan

John S. Kaplan